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NOTES FOR AN ADDRESS

BY

THE HON. DONALD S. MACDONALD

MINISTER OF ENERGY, MINES & RESOURCES

IN THE

DEBATE ON THE SPEECH FROM THE THRONE


24 February 1972.

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Rev: 042/Macdonald, D.S.
24/2/72



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Mr. Speaker,

In entering the debate on the Speech from The Throne, it is my purpose to share with the House my initial thoughts in approaching my new assignment as Minister of Energy, Mines and Resources. The management of our earth resources is central to our economic and social well-being, our national purposes, federal-provincial relations and essential to our role in the international community.

Honourable Members last week paid tribute to my Colleague, the Honourable Member for Niagara Falls, for his conduct of this important portfolio. I want to join in that tribute. It will be no small task to match his vigour, his grasp of the perplexing issues, or the effort he has made to bring all Canadians into the dialogue which will steer Canada's course in the 70's and beyond.

There are no simple answers to the complex questions posed by Canadians everywhere about the husbanding and development of our resources for generations present and yet to come. It is clear that alternative courses can have consequences which would range across a broad spectrum in the future character of Canada as a whole, and many of its provinces and regions in particular.

Among the complex, if not critical issues in the mineral and energy economy are, for example:

- . the orderly development of the resource base and the expansion of domestic and foreign markets;
- . capital availability and issues relating to ownership and control;

- . tax policy;
- . major programs requiring new policies in the Arctic frontier and offshore in the ocean frontiers;
- . economic growth and the establishment of environmental quality standards;
- . the need to integrate energy supply and demand patterns and to achieve reasonable energy costs;
- . viable coal and uranium industry development;
- . creation of transportation systems at realistic costs; and,
- . the stability of communities dependent on the resource industries for the well-being of their people and the future of their children.

Some Key Relationships

These and other problems have brought into sharp focus the need for the federal and provincial governments and for industry to play a closer and more effective role in our resource development as an urgent matter of national interest. There is increasing acceptance of the interdependence of our respective roles and the clear fact that national policies, to be effective, must be the result of our combined experiences, our shared purposes and our common needs.

We need to hold talks with the provinces to ensure that we have a thorough understanding of their views on resource management. It has been for the purpose of establishing such effective liaison that I have already met with Premier Lougheed of Alberta and will be seeing

Premier Regan of Nova Scotia and Premier Hatfield of New Brunswick in the near future.

There is no doubt that the provinces, as the owners of much of our mineral and energy wealth, are now and will continue to play a central role in the framing of national policies for resources. I believe we can find ways for them to contribute to the development of international negotiating positions, though the responsibility for these positions must always remain a responsibility of the Government of Canada.

We must make ourselves aware of their concerns, and they of ours. We need to take their concerns into consideration and to the extent possible, choose approaches and policies that reflect these interests.

As outlined in the Speech from The Throne, "a continuation and strengthening of government-industry relations is necessary in order that such areas of challenge as environmental impact and the increasing demand both within Canada and abroad for resources and energy be fully addressed."

I have had an initial meeting with the oil industry at Calgary and intend to spend much more time with industry, with the expectation that the National Advisory Committee on Petroleum and the National Advisory Committee on the Mining Industry formed by this Government will provide a growing avenue of co-operation between industry and government.

Mr. Speaker, the Speech from the Throne deals in some detail with the importance of international markets for our products and Canada's resources will continue to occupy an important place in our relationships abroad. The government has recognized this relationship over the past year or two when missions abroad have sought to extend our influence and promote a better understanding of resources and policies affecting them in Australia, Japan and Europe. Later this year, I hope to lead a mission to China in returning a visit paid earlier this year by that country to Canada which had a coast to coast look at our mineral and metallurgical industries in operation.

Of particular importance in this field, of course, are the relations between Canada and the U.S., a subject that I will discuss in just a moment.

Resource Policy Reviews

Speaking in general terms, there is a very real need to accelerate reviews of policies affecting minerals and energy and to achieve a consensus on the thrust of resource policy for the 1970's. These are needed to help ensure that our long-term approach as well as shorter term decisions are formulated in the best interests of all Canadians to realize optimum national benefits from our resources. I hope to bring statements of these policies to the House this year.

I would add that resource policy must complement broader policy concerns for industrial strategy:

- . improved social-economic security:
- performance of the domestic economy;
- . the effort for expanded and diversified exports;

- . the need for social sensitivity in northern development, and,
- . the greater participation of Canadians in the decision-making process on problems and opportunities facing the nation in the 1970's.

A delicate balance must be maintained between the economic growth required to sustain a viable resource sector and the environmental impact of all aspects of resource discovery, development, transportation and marketing. The quality of the demand for energy must be assessed as well as the supply, and the tremendous capital requirement needed for all energy activity. What will be sought over the months ahead will be a blending of individual resource policies with national strategies to achieve as effective a balance as possible. Certainly a set of blanket solutions will never adequately cope with our problems.

The Earth Sciences

It is of crucial importance to have the facts of a situation before acting on it, and one of the prime responsibilities of Energy, Mines & Resources is to provide the Canadian public with the essential information on the earth beneath our feet, which will allow Canadians to make wise decisions on how we live on it, play on it, exploit it, or preserve it for the future. Scientists in my Department view the earth in its four dimensions; first, vertically: - determining its properties from the surface to the central nickel-iron core; second, horizontally:- from the Atlantic to the Pacific continental margins; third, from the U.S. border to the high Arctic; and - fourth from the earth processes of the present time to those which folded our landmass and formed our

ore deposits several billion years ago. From this perspective of information and understanding, they seek to provide us, policy makers and public alike, with unique insights for the future habitation and enjoyment of our Canadian landmass.

They tell us the size and shape of our landmass; they describe its natural textures and man's impact on them. From the days of the lone surveyor and his pioneering explorations in our frontier areas we are moving into the satellite age, with earth resource satellites such as ERTS monitoring our changing land surface every 17 days. Our scientists not only describe the land surface, but its sub-surface as well. Through the national seismological service they monitor earthquakes and nuclear explosions alike, satisfying man's curiosity by defining the properties of the earth's inaccessible interior and, at the same time, providing the public with insights into the detection of nuclear explosions and their possible affect on Canada, or on the earthquake risks which must be considered in building and engineering construction. The national geomagnetic service defines the changing magnetic field over Canada, and the movement of the north pole, thus providing the essential information for navigation by compass across Canada. The geologists provide the key insights on where our resources are, how much we have, and whether they can be exploited. Simultaneously they seek to generate new employment in declining mining communities, to assess the terrain impact of pipelines and engineering construction, and to advise on the potential resource loss when land is used for such alternate purposes as parks and hydro-electric power generation.

As many of my Colleagues are aware, the 24th International Geological Congress and similar congresses in the fields of photogrammetry, cartography and geography will convene this summer in Montreal and Ottawa. They will involve more than 10,000 scientists from approximately 100 countries.

1972 is being hailed as Earth Sciences Year in Canada. The Government of Canada has recognized the significance of these events through a series of commemorative postage stamps, to be issued during the year; and schools and universities across the country are undertaking special classroom and outdoor projects emphasizing the earth sciences.

With your permission, Mr. Speaker, I will quote from a recent statement by His Excellency the Governor General:

"Our nation's vastness, and the great variety of its physical structures and resources have made the earth sciences particularly important in the development of our country. Those knowledgeable in this field have been and remain, our explorers, helping to uncover the riches of the earth and teaching efficient management and conservation of those resources."

Resources as Building Blocks

This government recognizes that the performance of our resource and energy industries has been a basic building block in the growth of Canada's national wealth, opening new frontiers, accumulating capital for re-investment, enhancing the scientific and technical skills of Canadians, and accounting for a useful export surplus. The maturing

of these industries and their importance to the economy suggests the critical part they will play in furthering the development of other economic sectors as well as the quality of life for all Canadians.

Some Problems Explored

Mr. Speaker, I want to spend the few remaining minutes at my disposal in this debate to cover some of the problem areas of concern to us in the management of our resources.

Canada has been and remains one of the most favoured nations in the world where availability of energy is concerned. We are the second largest per capita consumer nation and the sixth in total energy consumption. In recent years the component cost of fuel in most industrial activity has remained in the area of 4-5 pc. We cannot automatically assume that we will always be in such a favourable supply position.

Much of our early industry was based on low cost hydro-electric energy. We are fast running out of economic sources of supply and the large potential projects that remain are subject to considerable environmental and capital requirement concerns. Accordingly, we are as a nation increasingly turning to thermal electric generation, either conventional or nuclear, and in these fields we must maintain lower fuel costs and achieve more efficient generation techniques if we are to continue to have a lower electric energy cost than most competing industrial nations.

Our nuclear research program and our assistance to electrical generation and transmission research at such facilities as Hydro Quebec's Electric Research Institute will help realize these efficiencies.

The uranium industry currently faces an over-supply position accompanied by depressed world prices and a consequent lag in exploration activity. Current known uranium resources are fully committed near the end of this decade and it is obvious that increased exploration will be needed, given the eight years of lead time required to bring new deposits into production. Over the past year, officials of my Department have met with representatives of both consuming and producing countries to assess this situation and determine measures to stimulate this activity. We have been in consultation also with representatives of this very important industry in Canada and we hope to be tabling during this session a revised Uranium and Thorium Bill.

Canada-U.S. Energy Relations

Mr. Speaker, I have already referred to the importance of our relations with the U.S. in the resources field. Our starting point in this relationship is that Canada and this government will continue to bargain hard to get access to markets for resources which have been further processed in Canada to the highest degree possible and to sell them at the best opportunity prices. At the same time, we should all bear in mind that Canada does not have a monopoly in most of these export-oriented resource industries and cannot expect, therefore, to "lever" massive advantages in terms of price or access to markets merely by sitting back and waiting for foreign buyers to come pounding on our door.

Our policies must reflect a studied appreciation of the resources which may from time to time be available for export as clearly in excess of our own requirements and we must know our own needs. One of Canada's energy policy objectives is to ensure adequate

and dependable sources of supply at reasonable costs. To this end the government is moving in a systematic way in the development of an inventory of our resources of oil, gas, coal and uranium.

Our trade relations in these matters with the United States will be among the most sensitive and important in coming months. The question of access to markets raises immediately the U.S. embargo on uranium, for example -- a position that must surely be altered if the U.S. is to supply the needs of its industry toward the end of the decade.

We are moving closer to the goal of full and unimpeded access to United States markets for oil and gas produced in Canada which is clearly surplus to domestic security and commercial requirements.

The West Coast Tanker Route

My Colleague, the Minister of State for External Affairs, has made clear in the House, and the government in an aide-memoire sent to Washington last August, stated in the strongest possible terms, Canada's reservations with respect to the ecological and other hazards of movement of oil by tanker from Alaska, down the West coast and through the Puget Sound to north western U.S. refineries.

The recent report of the U.S. coastguard dealing with the potential dangers of such an adventure has only served to reinforce the view that all possible alternatives ought to be given serious study before any unilateral action is taken.

Pipelines Through Canada

We have made clear with the Government's Guidelines to

Northern Pipelines of August, 1970 that we welcome applications to build oil or gas pipelines from Alaska through Canada in a "land bridge" to the continental United States.

I should here comment that a very effective program of co-operation between government and industry is one reason why studies have proceeded to a point where we feel that we will be in a position within a year to receive and consider applications for northern pipeline construction. This co-operation should serve as a model for other government-industry relationships.

Foreign Ownership

Members will recall the measures taken by this government to sustain Canadian control over our uranium industry and the successful manner in which my predecessor interpreted the will of this House that Home Oil should remain a Canadian company. Anyone concerned deeply about the future of Canada must acknowledge a very real concern about the foreign ownership or control of key resource industries. At the same time however it is important to appreciate fully the huge amounts of investment capital which will be required to maintain a viable resource sector that can, in turn, contribute so much to the development of an industrial strategy for a stronger Canada. I favour a pragmatic look at the advantages and disadvantages of any particular investment action proposed for our economy with foreign investment having the onus of demonstrating its contribution to our Canadian well-being, and to the aspirations of Canadians.

Date Due

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24/2/72

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CONCLUSION

In the months ahead, Members of the House will have opportunities to take part in the debate on policies for husbanding and developing Canada's energy and mineral resources, particularly under the consideration of departmental estimates.

In my view these questions which fall under my responsibility are among the most important questions to be decided by Canadians in this decade. I will look forward to the contributions of honourable members, and of provincial governments, industry and Canadians generally as the government moves to form its policies in this vital area.

